

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 INR-07 NSAE-00  
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FOR: DEPT: EB/ISM - HEWITT

E.O. L1652: N/A

TAGS: EMIN, ETRD, ITC

SUBJECT: TIN: FINANCIAL TIMES REPORT ON POSSIBLE U.S.  
CONTRIBUTION TO TIN COUNCIL BUFFER STOCK

1. FOLLOWING ARTICLE BY FINANCIAL TIMES COMMODITIES  
EDITOR, JOHN EDWARDS, APPEARED ON MAY 31:  
"THE CARTER ADMINISTRATION WILL SEEK CONGRESSIONAL  
APPROVAL TO USE SURPLUS TIN FROM ITS STRATEGIC STOCKPILE  
AS THE U.S. CONTRIBUTION TO THE INTERNATIONAL TIN  
COUNCIL'S BUFFER STOCK SCHEME, MR. CYRUS VANCE, U.S.  
SECRETARY OF STATE, ANNOUNCED IN PARIS YESTERDAY.  
MR. VANCE WAS SPEAKING AT THE FINAL MINISTERIAL SESSION  
OF THE NORTH-SOUTH ECONOMIC TALKS WHERE HE PLEDGED FULL  
U.S. CO-OPERATION FOR MOVES TO STABILISE COMMODITY  
PRICES, SUPPLIES AND EARNINGS.  
THE PLAN TO CONTRIBUTE TO THE TIN COUNCIL'S BUFFER  
STOCK SCHEME IS SEEN AS A MOVE BY THE U.S. TO CONVINCE  
THE DEVELOPING COUNTRIES OF ITS SINCERITY IN WANTING TO  
STABILISE COMMODITY PRICES, WHERE POSSIBLE. UNDER THE  
TERMS OF THE FIFTH INTERNATIONAL TIN AGREEMENT, NEGOTIA-  
TED LAST YEAR, IT WAS DECIDED TO DOUBLE THE SIZE OF THE  
PREVIOUS BUFFER STOCK BY VOLUNTARY CONTRIBUTIONS FROM  
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CONSUMER COUNTRIES OF UP TO 20,000 TONNES TO MATCH THE  
COMPULSORY CONTRIBUTION OF 20,000 TONNES BY THE SEVEN  
PRODUCING COUNTRIES.  
MEMBERS ARE ENTITLED TO CONTRIBUTE TO THE BUFFER STOCK  
EITHER THE ACTUAL TIN OR ITS CASH EQUIVALENT. BU:T PAST  
CONTRIBUTIONS HAVE BEEN IN CASH FORM, SINCE THIS IS  
BASED ON THE MARKET "FLOOR" PRICE AT THE TIME AND IN ANY

EVENT FEW COUNTRIES AOART FROM THE U.S. HAVE ANY SUROLUS  
TIN TO SPARE.

THE CONTRIBUTION TO THE BUFFER STOCK IS BASED ON THE  
NUMBER OF VOTES HELD. THE U.S. WITH 32 PER CENT (299)  
OF THE 1,000 CONSUMER VOTES, THEREFORE, HAS A CONTRIBU-  
TION QUOTA OF JUST OVER 6,000 TONNES WORTH AT CURRENT  
PRICES ABOUT POUNDS 34M.

WITH THE BUFFER STOCK WIPED OUT OF SUPPLIES AS A RESULT  
OF MARKET PRICES REMAINING WELL ABOVE THE TIN AGREEMENT  
"CEILING", A CONTRIBUTION IN THE FORM OF ACTUAL METAL  
WOULD BE WELCOMED AS A MEANS OF RESTORING CONTROL OVER  
THE MARKET AGAIN ESPECIALLY IF THE ORICE RANGES WERE  
INCREASED. /

AT THE SAME TIME A CONTRIBUTION BY THE U.S. MAY WELL SET  
A PRECEDENT FOR OTHER COU:NTRIES, WHO HAVE SO FAR REFUSED  
TO MAKE A VOLUNTARY DONATION TO THE CONSUMER BUFFER  
STOCK - NOTABLY JAOAN AND WEST GERMANY - TO COME IN  
AFTER ALL. IT IS ARGUED THAT A DOUBLE SIZE BUFFER STOCK  
EQUIVALENT TO 40,000 TONNES WOULD BE MUCH MORE EFFECTIVE  
IN STABILISING WORLD TIN PRICES.

HOWEVER, THIS VIEW IS NOT SHARED BY EVERYONE, ESPECIALLY  
THE POWERFUL STEEL LOBBY IN THE U.S. WHICH MAY PUT GREAT  
PRESSU:RE ON CONGRESS TO REJECT THE PLAN.

IN ADDITION, THERE IS STRONG OPPOSITION IN SOME /U.S.  
QUARTERS TO ANY FURTHER RELEASES FROM THE STOCKPILE  
UNTIL THE WHOLE STRATEGIC STOCKPILE POLICY HAS BEEN  
REVIEWED. BUT WITH THE TOTAL STOCKPILE HOLDINGS ESTIMA-  
TED AT AROUND 170,000 TONNES, A CONTRIBUTION OF 6,000  
TONNES WOULD NOT MAKE A GREAT DEAL OF DIFFERENCE.  
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ON THE LONDON METAL EXCHANGE YESTERDAY, TIN PRICES  
WEAKENED ON THE U.S. ANNOUNCEMENT. CASH TIN CLOSED  
POUNDS 55 LOWER AT POUNDS 5,655 A TONNE. THE DOWNTURN  
ALSO REFLECTED AN UNEXPECTED RISE OF 225 TONNES IN LME  
WAREHOUSE STOCKS TO A TOTAL OF 7,565 TONNES, WHEN A  
DECREASE HAD BEEN FORECAST. OTHER METAL PRICES WERE  
ALSO EASIER IN QUIET TRADING CONDITIONS RESULTING FROM  
THE NATIONAL HOLIDAYS IN THE U.S. AND EUROPEAN MARKETS.  
AS EXPECTED, COPPER STOCKS FELL BY 8,350 TONNES TO  
606,525 TONNES, AND ZINC BY L,175 TO 90,375 TONNES.  
LEAD STOCKS ROSE BY 475 TO 67,100 TONNES, WHILE LME  
SILVER HOLDINGS WERE 40,000 OUNCES UP AT 27,070,000."

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## Message Attributes

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